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SUBJECT: IRAQ DISCLOSES PLAN TO EXPORT GAS TO SYRIA IN
TRILATERAL TALKS

REF: ANKARA 277

Summary

¶1. (SBU) Iraqi Energy officials stated at a meeting with Turkish and U.S. officials in Istanbul that Iraq will export natural gas to Syria within two years. Subsequent expansion of this gas field in western Iraq would aim at exports to Europe via Turkey and the Nabucco pipeline, though realizing this larger goal would require the U.S. and Turkish Governments to work together to help the GOI develop a strategic vision for natural gas. The Turkish delegation proposed and an additional electrical utility line to feed Mosul, and all three delegations agreed on better communication to avoid interruptions of electrical service to Iraq. The U.S. and Turkish delegations then proposed agenda topics for a subsequent meeting. In a separate meeting with EUR DAS Bryza, Egyptian energy officials said that Egypt could export gas to Europe if current capacity is increased. End Summary.

Iraqi Gas to Flow to Syria with Two Years

¶2. (SBU) The head of the Iraqi delegation to the Gas Trilateral meeting in Istanbul on March 1 stated that natural gas from western Iraq could be delivered to Syria within two years. Energy consultant to the Prime Minister, s Office Abdulillah Al Amir said that with assistance from Syria, Iraq is developing four gas wells at the Akkas Field in western Anbar province that can export 50 million cubic feet (mcf) per day to Syria. Furthermore, the second phase of the Akkas field could deliver up to 500 mcf per day by ¶2015. Al Amir stated that the second phase is intended to supply Europe through the Arab pipeline with up to 6 BCM or more. Moreover, the Iraqi Oil Ministry can move forward on the second phase without the passage of the Hydrocarbon Law since the Iraqi Parliament could approve it as a separate bill. But al Amir also warned the GOI had not yet developed a strategic vision to move toward phase II gas exports to Europe, and needed prodding from the USG and GOT to expand its strategic thinking. The head of the American delegation, EUR DAS Matt Bryza, welcomed the prospect of exporting Iraqi gas and received strong agreement from the Turkish delegation for joint cooperation with the GOI on strategic gas issues.

¶3. (SBU) Selahattin Cimen, Acting Undersecretary for the Turkish Ministry of Energy and Natural Resources, also embraced this news and emphasized that Turkey, s current

infrastructure could incorporate Iraqi gas with little difficulty. He also inquired about the status of Iraq's national gas strategy the GOI is developing in collaboration with Shell, beginning with a survey of Iraq's gas reserves. Al Amir responded that his ministry will need to review Shell's survey for about a year before they are able to construct a national plan. Turkish Acting Special Envoy for Iraqi, Murat Ozcelik argued for the GOI to make a special effort to facilitate energy cooperation and trade between the two countries, perhaps by providing Turkish businesspeople advance notice of tenders and technical specifications for energy projects. Bryza countered that free market principals, especially transparent tendering, should take precedence in this process.

Expanding Electrical Service to Iraq

¶4. (SBU) The Turkish Ministry of Energy and Natural Resources proposed increasing the supply of electricity to Iraq by doubling the capacity of the electrical grid. An additional line capable of 850 MW power to Mosul was proposed in partial fulfillment of the August 7, 2007 memorandum of understanding (MOU) signed between the two countries. In addition, Turkey will provide technical training to Iraqi personnel as stipulated in the MOU.

¶5. (SBU) Dr. Falah Al Amri, Director General of the Iraqi Oil Marketing Company, appreciated the additional capacity, but complained about the interruption of electrical service from Turkey in January. Ozcelik responded that the Turkish government did not cut Iraq's power; rather a private

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Turkish company, Kartet (retel), was forced to stop service due to contractual issues. Bryza suggested establishing a conduit between the Turkish and Iraqi governments to work out technical disputes on electricity and gas matters. The Turkish delegation strongly seconded this proposal.

Setting an Agenda for the Next Talks

¶6. (SBU) The Turkish and American delegations were eager to announce key points for the meeting; however, the Iraqi delegation was hesitant to make any announcement. Both Al Amir and Al Amri from the Iraqi delegation explained they were only technocrats who did not make policy. Furthermore, any announcements regarding gas exports would anger some members of parliament, thus prompting unnecessary conflict. An agenda for future talks was drafted in lieu of an announcement from the current meeting. The Turkish and American delegations also suggested meeting on this issue around every three months, with an agenda circulating to the parties one or two weeks before the meeting. Al Amri did agreed to this suggestion.

¶7. (SBU) Bryza put forward the following four points, in order of importance, as a possible agenda for the next meeting:

- Meet Iraqi domestic demand for gas.
 - Develop the Akkas gas field as quickly as possible..
 - Expand Akkas gas production following the tender process that begins in two months. Pursue export of Akkas gas into the Arab pipeline, and onward to Turkey and Europe via the Turkey-Greece-Italy and Nabucco pipelines..
 - Use the trilateral process to facilitate communication and resolve commercial disputes before problems escalate and affect electricity service or oil shipments.
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Bryza Meets with Egyptian Gas Officials

¶8. (SBU) On the margins of the Iraqi Trilateral meetings Egyptian Ministry of Petroleum Deputy Executive Director for Production Abdullah Ghorab told Bryza that Egypt hoped to export natural gas to Turkey and onward to Europe, but currently did not have excess gas. Domestic needs, LNG exports, as well as exports to Jordan and Syria through the Arab pipeline will likely strain current capacity. Currently only half of Egypt,s reserves are developed, thus providing the possibility that significant volumes Egyptian gas could eventually go into Nabucco, according to Ghorab.

¶9. (SBU) The Egyptian delegation welcomed Bryza,s comment regarding the prospect for Iraqi gas to enter into the Arab Pipeline and for the possibility of Egyptian gas exports to Turkey and into the TGI and/or Nabucco pipelines. They expressed readiness to work with the USG and companies developing Egypt,s gas reserves to develop a plan for future exports to Turkey and the rest of Europe.

¶10. (SBU) The Egyptian officials claimed they have developed condensed natural gas (CNG) technologies over the last few years and would be ready send CNG ships to Greece and Cyprus within one to two years. Ghorab, however, declined to disclose the name of the company assisting Egypt with this technology.

¶11. (U) DAS Bryza has cleared this cable.
WIENER